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FROM : AMEMBASSY, GUATEMALA
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Classification Assigned to: ------
January 9, 1953
Action Taken: 1-9-1953

41 Per Dept. Use Only	ACTION	DEPT.											
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	REC'D JAN 12		OTHER AG	COMM	FRB	IN	LAB	TAR	TR	EMB	ARMY	NAVY	AIR CIA OSD

SUBJECT: WEEKA NO. 2 - ECONOMIC SECTION

Name of Officer: [illegible]
Section: [illegible]

DECLASSIFICATION DATE 1/30/78
PER CAYMAN OFFICE ARA
FADRC FOI CASE NO. 74032

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SECTION II

Summary

Brisk December retail sales, 20 to 25 percent higher than December 1951 by department stores and specialty shops catering to the holiday trade, were interpreted as further evidence of large private savings. However, a marked decrease in hardware, auto and agricultural lines after their October-November revival indicated that buyers were continuing to be conservative under prevailing conditions.

President ARBENZ this week signed a resolution ordering the first expropriation of private property under the Agrarian Reform Law and denied five appeals against agrarian reform decisions recommending expropriation of private farms. The tainted history of the Department of National Farms was exposed when the liquidating commission took over its affairs and promptly publicized a long list of frauds and malpractices, including misuse of Government property by political friends of the ex-manager, Mariano AREVALO.

The General Association of Guatemalan Industrialists gave President Arbenz a plan for an industrial bank as its proposed first step in solving their many problems; the President said he would carefully study the matter and begin discussions with the industrialists between January 10 and 15.

Agrarian Reform

The press announced this week that President Arbenz had signed a resolution ordering the first expropriation of private farms under the Agrarian Reform Law. (See Section I) The resolution covered four farms in various sections of the country and the official announcement said that Agrarian

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Reform bonds to indemnify the owners had been deposited in the National Treasury. The President was also reported to have denied five appeals against agrarian reform decisions recommending expropriation of private farms. There was no indication of whether the courts would grant a further appeal in these instances even though they previously had ignored the Law's grant of exclusive jurisdiction to agrarian reform organs (WEEKAS Nos. 51 and 52).

Meanwhile, the Department of National Farms (FN) was legally dissolved and its affairs and properties were transferred to the liquidation commission appointed two weeks ago (WEEKA No. 52), which immediately began to publicize details of FN's corruption-ridden past. Colonel Anselmo GETELLÁ, head of the liquidating commission, announced that the Department's sorry financial situation was due to a long series of defalcations, frauds, and malpractices and that the responsible persons had invariably used political influence to evade prosecution. He said the commission had given the Attorney General an extensive list of persons who should be prosecuted immediately and had taken steps to discontinue the practice of not appearing in labor courts and thus allowing discharged employees to obtain heavy indemnification awards. The most sensational fraud involved the "disappearance" of seven FN automobiles which turned up in the hands of ex-manager Mariano Arévalo's political friends currently in the midst of a Congressional election campaign. Mr. Arévalo, a brother of ex-President Juan José ARÉVALO and a prominent leader of the leftist party FAR, said he had handed them over, without receipts, on the basis of "orders from above" but Colonel Getellá stated he had ordered their immediate return.

Assistance for National Industry

The General Association of Guatemalan Industrialists (AGIG) this week handed President Arbenz a plan for an industrial bank as the proposed first step in its program to solve industry's many problems (WEEKA No. 48) but refused to give any details to the press. The President said that he would examine the plan carefully so that the bank would be a reality as soon as possible and announced that the first conference with industrial leaders to discuss the project would be held between January 10 and 15. The Industry Committee of the Chamber of Commerce continued to

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boycott the conferences but it was reported that they had sent a member to Mexico to make studies preliminary to preparing their own plan for an industrial bank.

Rudolf E. Schoenfeld

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